Forest Resources Commission

Concluding Comments

July 1992

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INTRODUCTION:

The Forest Resources Commission has had a rare opportunity over the past three years to examine the state of British Columbia's forests at a time when unprecedented demands for change are being placed on both their use and management. What it has found is very sobering. The point has been reached where past failure to recognize and adequately manage for forest values other than timber and to manage more intensely for timber values has put the very existence of B.C.'s largest economic sector at risk. Government-announced reductions in allowable timber harvest levels are becoming the order of the day. The Commission believes that policies and programs aimed at reversing this trend and maintaining a level of commercial forestry at least equal to that which we have today, while, at the same time, giving full recognition to all other forest values, is one of the most critical challenges facing Government. Failure to do so will have devastating social and economic consequences for all British Columbians.

ACTIVITIES UNDERTAKEN:

The Forest Resources Commission was created on June 29, 1989, as a permanent, independent commission to advise the Minister of Forests on matters relating to his duties, powers and functions. The Commission was given a mandate "*to provide the Minister of Forests and through him, the Government, with a comprehensive view of what the forests of British Columbia should represent.*" In examining this subject, the Commission was directed to "*take into account the full range of forest values: how the forest might be managed to protect and enhance those values and the total economic impact of the forests to the Province.*" The Commission was also mandated to undertake special studies and investigations and report to the Minister on topics either referred by the Minister or deemed to be important by the Commission. Such subjects of inquiry have been given from time

to time.

It soon became apparent to all Commissioners that the way Government and industry were currently managing the forests was significantly out of step with what the public expected and, indeed, was demanding. The historical practice of managing the forests primarily for their timber values must give way to managing the forests, in an integrated way, for all values. In order to reflect this change in values and to avoid a serious reduction in harvestable timber, the Commission recommended that Government move to adopt a series of policies that would ensure the intensive, integrated management for all forest values on the largest forest land base possible. This concept was called Enhanced Stewardship and that concept has been central to the Commission's deliberations and recommendations.

During the course of its activities, the Commission had the opportunity to submit advice to Government on several occasions. In July 1990, an *Interim Report* was submitted that dealt with the need for good, standardized inventories of all forest values; the need to include information about our resource industries in our school curriculum; and the need to restructure and make more effective the Timber Supply Area Steering Committees.

In April 1991, the Commission submitted its major report on *The Future of Our Forests*. That report was formulated based on broad public input derived from submissions, hearings and workshops; detailed research (since published) on a variety of issues critical to the use of our forests; and extensive deliberations by thirteen Commissioners. The report provided a vision statement of what British Columbians want from their forests, advice on the need for land use planning, improved management and financial structures, tenure reform, the need for improved inventories, the need for improved forest practices, the need for better education about our forests and forest practices at all levels, and the need for more meaningful public participation in forest planning and management.

In December 1991, the Commission responded to a request by Government and provided detailed comments on how land use

planning might be implemented. In July 1992, again responding to a request from Government, the Commission submitted detailed advice concerning the framework of a Forest Practices Code, including the legislative and administrative processes required to implement such a code. At the same time, the Commission submitted comments and background material relative to the structuring of log and timber markets for British Columbia.

GOVERNMENT ACTION:

The Commissioners wish to take this opportunity to comment on the steps Government has taken to date to respond to and implement many of the recommendations made by the Commission. It is noted that internally, the Government is moving to co-ordinate and standardize its approach to inventories of all forest values. It is noted that the 1992-93 Budget expressly provided ten million dollars to improve inventories in the Ministry of Environment, Lands and Parks and the Ministry of Forests. The Ministry of Education is in the process of moving to include balanced environmental and resource industry material in its school curriculum. The Commissioners are pleased to see that the first steps to province-wide, comprehensive land use planning have been taken with the creation of the Commission on Resources and the Environment and that the Minister of Forests has notified the Legislature that the "Government is also committed to developing a forest practices code".

PUBLIC POLICY EXAMINATION:

The Commission endorses the principle of having an ongoing independent body to examine and provide advice on policy issues as they relate to the forests of British Columbia. While clearly not everyone liked the advice given during our term, virtually everyone agreed that the Commission provided a much needed focus on critical issues. In doing so, the level of debate was enhanced and all parties moved closer to finding solutions to some very serious problems. Also, forest policy issues are not static where one solution serves for all time, rather they are

dynamic requiring constant fine-tuning or, at times, substantial overhaul. The Commissioners believe that solutions to dynamic problems can best be addressed by a permanent, continuing body. It is imperative that Government continue to find ways to keep the debate focused on the many issues relating to our forests and moving toward solutions that are in the best interests of British Columbians.

REDUCTIONS TO ALLOWABLE ANNUAL CUT:

The Commission remains very concerned with the continued erosion of the Allowable Annual Cut (AAC) and the lack of measures designed to mitigate against these declines. The moves to accommodate forest values other than timber in the management of our forests have, so far, resulted in overall harvest levels being reduced, as measures necessary to maintain the timber volumes and values have generally not been introduced. Assertions have been made that the Ministry of Forests is using very conservative Mean Annual Increments (MAIs) in determining AAC. If, on review, these assertions are verified, then the level of harvest is being unnecessarily lowered.

Evidence presented by the Commission on the economic importance of the forest industry to British Columbia in *The Future of Our Forests*, the fact that over two hundred separate communities in this province are better than fifty percent dependent on the forest industry for their basic employment (see report on *B.C. Community Employment Dependencies*) and the fact that reductions in timber harvesting have a heavy financial impact on the Provincial Treasury (see report on *The Economic Impacts of Selected Timber Harvest Scenarios in British Columbia*) heighten that concern. Taken together, the evidence shows that a continued reduction of timber harvest levels will have serious negative consequences on the structure and continued viability of many resource-dependent communities, the Provincial Treasury, and the consequent inability to maintain funding at current levels for services such as health and education, and on the B.C. economy generally. The Commission believes that as the

Government moves to achieve its objectives for non-timber values, a firm target must be determined for the provincial long-term rate of timber harvest. This target level of timber harvest should be such that it does not result in a significant reduction in harvest levels and measures must be implemented to attain that goal.

In its report, *The Future of Our Forests*, the Commission addressed the need for enhanced stewardship as a means whereby British Columbians can achieve the full potential of all values in our forests. The Commission sees no less urgency today for the Government to embrace that concept and start to implement policies that will maintain our timber harvest levels while, at the same time, protect and enhance other forest values. In fact, the evidence collected over the course of the last year makes the need to address this issue even more imperative.

Decisions must be taken that provide a significant degree of security of tenure within a competitive timber and log marketing structure that ensures B.C.'s citizens are achieving full value for the timber resource. Continuation of the present uncertainty delays commitment to enhanced forest stewardship. Maintaining the status quo policies by the Forests Ministry could result in a reduction in annual harvest, variously estimated to be in excess of 25% with an ultimate loss of as much as two billion dollars annually to the provincial treasury and the loss of as many as seventy-five thousand jobs for British Columbians. The Commission believes that the Government must introduce measures to prevent this from happening.

OTHER ISSUES:

During the course of its inquiry into the forests of British Columbia and their uses, the Commission became aware of two other issues that have bearing on the amount of land available for timber production. These are the private land issue and the agricultural lease issue.

Some private land is currently held within the managed forest land category and is so classified for tax purposes. The

two largest blocks are those associated with the E & N land grants on southeastern Vancouver Island and the Crows Nest Pass agreement in the Kootenay region of British Columbia.

In reviewing this issue, the Commission identified two distinct problems. First, increasing population pressures, particularly on southeastern Vancouver Island and the Gulf Islands, are making it increasingly attractive for owners, the majority of whom are forest companies, to remove these lands from this tax category and to sell them for some other purpose.

While clearly recognizing the pros and cons of placing further restrictions on private land, the Commission is concerned that continued withdrawal of these lands from timber production could result in a significant reduction in timber harvest, particularly on southeastern Vancouver Island. In this respect, the Government may wish to review the circumstances and procedures by which these lands may be withdrawn from timber production.

The second problem relates to the assessment classification of these lands as managed forest lands. Under the classification of managed forest land, the annual tax rate is substantially lower than it would be otherwise. The possible result is that it makes it a reasonably attractive way to hold land and avoid much of the property tax burden until the holder wishes to sell it for another purpose. Again, the Commission believes the Government may wish to examine this problem and consider a limited claw-back of taxes if it can be shown that the owner received a windfall profit as a result of this change in classification.

Concerning agricultural leases, the Commission inventoried the amount of forest land contained in these leases and the current status of the land (see report, *Forestry Potential on Crown Granted Agricultural Leases*). The study shows that there are some 220,000+ hectares available for forest production on Crown granted agricultural leases. Other data suggests that a substantial portion of these lands available for timber production has been harvested but not adequately reforested.

The Commission believes that given the importance of the

forest industry to the economic and social fabric of British Columbia, every effort should be made to get these lands back into forest production. The Commission urges the Government to consider ways to continue these lands in forest production. Ideas that come to mind to accomplish this are:

- Where agricultural leases are not being operated for agricultural purposes intended under the program, the lease could be cancelled and the lands returned to the forest land base to be managed by the Ministry of Forests.
- Where lands are being appropriately managed under the terms of the agricultural lease but the lands with forest potential are not being managed, then the following could be considered:
  - An extension of the woodlot program to leaseholders or owners specifically targeted at getting the lands with forest potential back into production;
  - Offer the forest lands to adjacent woodlot owners with provincial incentives to retain and keep these lands in continuous forest production;
  - Joint venture with established timber licensees in return for AAC increases tied to reforestation and ongoing management;
  - Some form of compulsory reforestation, either by present owners or by the Ministry of Forests, based on either tax incentives or a Government funded program (A continuation of funding now directed to NSR lands might be one alternative);
  - Joint venture with Government.

FINAL REMARKS:

In conclusion, the Commissioners appreciated the opportunity to comment and provide ongoing, independent advice on issues pertaining to the forests and forest management in British Columbia. Given the economic and social importance of our forests and the fact that every British Columbian, knowingly or unknowingly, is touched and affected by their presence and use,

the Commissioners view the issues addressed to be of major importance. We trust that the advice we have been able to provide, and the increased understanding and awareness of these issues that we have tried to facilitate, will assist the Government in charting a new course for the continued use of our forests for the benefit of all British Columbians as we approach the twenty-first century.

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